

**BYLAWS  
OF THE  
SILVERTIP HOME OWNERS'  
ASSOCIATION**

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## **ARTICLE 1.**

### **Introduction**

**1.1 Applicability.** These Bylaws ("Bylaws") provide for governance of Silvertip Home Owners' Association, a Montana non-profit corporation (the "**Association**").

**1.2 Name, Composition and Purpose.** The name of the Association shall be Silvertip Home Owners' Association. The Association shall be a Montana non-profit corporation and shall have all the powers of a non-profit corporation enumerated and set forth in the Montana Nonprofit Corporation Act, §35-2-113 *et seq.*, MCA, as amended.

**1.3 Definitions.** The words and terms used herein shall be deemed to have the same definitions and meanings as in the Declaration of Covenants, Conditions and Restrictions for Silvertip Subdivision, P.U.D., Madison County, Montana, as recorded with the office of the Clerk and Recorder, Madison County, Montana on [ ] as [Document No. ] (the "**Declaration**").

**1.4 Governing Documents.** Each Member shall comply with and may benefit from each term, provision, covenant, condition, restriction, reservation and easement contained in the Governing Documents.

**1.5 Principal Office and Mailing Address.** The address [Modify if the mailing and principal address are not one and the same] of the principal office of the Association shall be: [ ] or as thereafter designated with the Montana Secretary of State.

**1.6 Records.** The Association shall keep records and provide for their inspection as required pursuant to §35-2-906 *et seq.*, MCA. The Association shall make available, during normal business hours, for inspection and copying all minutes, contracts, resolutions and financial records of the Association to any Member in Good Standing, or his agent or attorney, for any proper purpose and may impose a reasonable charge, covering the costs for labor and material, for copies of documents provided to the Member. The Board shall adopt a resolution to govern the policy and procedure with regard to Member access to Association records; as well as, document retention and destruction of Association records.

## **ARTICLE 2.**

### **Membership, Voting, Quorum and Proxies**

**2.1 Membership.** The Members of the Association shall be as set forth in the Declaration.

**2.2 Evidence of Membership and Registration of Mailing Address.** Any Person on becoming a Member shall furnish to the Association its mailing address and contact information in accordance with the Declaration.

**2.3 Association Determination as to Membership.** The Association based upon written notices required to be furnished by the Members to the Association under the Declaration and based upon its own investigation, shall have the right, authority and obligation to determine

the number of votes existing with respect to each Member pursuant to the Declaration. The Association shall make such determination at least annually and in any event, as of any Record Date and shall make supplemental determinations from time to time as may be necessary after any Record Date in light of changes which may come to its attention. No Person shall be entitled to any notice or the right to vote until it has been determined by the Association that such Person is a Member.

**2.4 Voting Rights of the Membership.** The Association shall have the Membership set forth in the Declaration, who shall have the voting rights set forth in the Declaration and in these Bylaws.

**2.5 Record Date.** The Board shall have the power to fix in advance a date as a Record Date for the purpose of determining Members entitled to notice of or to vote at any meeting or to be furnished with any other information or material, or in order to make a determination of Membership. The Record Dates for the purpose of Assessments shall be as set forth in the Declaration. The Members existing on any such Record Date shall be deemed Members for such notice, vote, meeting, furnishing of information or material or other purpose and for any supplementary notice or information or material with respect to the same matter and for any adjournment of the same meeting. A Record Date shall not be more than seventy (70) days prior to the date on which the particular action requiring determination of Membership is proposed or expected to be taken or to occur. If no date is set by the Board, then such date will be determined by statute under §35-2-532, MCA.

**2.6 Quorum.** Except as otherwise provided in the Articles or these Bylaws, the presence in person or by Written Ballot of Members who are entitled to vote more than fifty-one percent (51%) of the total votes shall constitute a quorum ("**Quorum**").

**2.7 Written Ballot.**

(a) Any action that may be taken at any annual or special meeting of Members may be taken without a meeting if approved by Written Ballot as provided herein. Approval by Written Ballot shall be valid only when the number of votes cast by Written Ballot equals the quorum required under **Section 2.6** above and the number of approvals equals or exceeds the number of votes as required under **Section 2.10** below. Written Ballots may also be used at a meeting for the election of Directors and other actions. Written ballots are maintained as part of the Association's corporate records in accordance with **Section 1.6** above, and are not confidential.

(b) In matters to be determined by Written Ballot, the Board shall mail a Written Ballot to each Member entitled to vote on the matter. The Written Ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action and for nominees for the Board. All solicitations for votes by Written Ballot shall state the Member's name, state the number of votes entitled to be cast; include the legal description or common address for the Site (if applicable); include the Association's account number for the Member; indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve each matter; and specify the time by which a Written Ballot must be received by the Association in order to be counted and provide a place for

the Member's signature and date. A timely Written Ballot received by the Association may be revoked by a Member before the response deadline. A Member that revokes his Written Ballot may request from the Association another Written Ballot and may recast his vote, so long as the Written Ballot is received before the response deadline. Such revoked Written Ballot shall be superseded by the recast Written Ballot. The results of each action by Written Ballot shall be certified by the Secretary and shall be included in the minutes of meetings of Members filed in the permanent records of the Association.

**2.8 Proxy Voting.** There shall be no voting by proxy for Members or Directors.

**2.9 Cumulative Voting.** Cumulative voting shall not be allowed for any matter to come before the Board or Members, including but not limited to the election or removal of the Directors.

**2.10 Majority Vote.** At any meeting of Members where a vote is required, if a Quorum is present as determined in **Section 2.6** above, the affirmative vote of a majority of the votes represented at the meeting, in person or by Written Ballot, shall be the act of the Members unless the vote of a greater number is required by law, the Articles, the Declaration or these Bylaws. At each election of Directors, the number of candidates equaling the number of such Directors to be elected, having the highest number of votes cast in favor of their election, shall be elected as the Directors.

### **ARTICLE 3. Administration**

**3.1 Annual Meeting.** There shall be an annual meeting of Members held on a day selected by the Board; the date, the hour and place of such meeting shall be contained in the notice of meetings as hereinafter described. The annual meeting shall be the time for the election of Directors and any other legitimate business deemed proper to come before the Membership by the Board. Voting at all meetings shall be in the manner prescribed in these Bylaws.

**3.2 Special Meetings.** Special meetings of the Members may be called at any time upon the initiative of the Board. A special meeting of the Members must be called when a petition signed by five percent (5%) of the voting power outstanding and eligible to vote has been presented to any Director in accordance with §35-2-527, MCA. Notice of a special meeting shall be given as soon as practicable but not more than thirty (30) days after such demand has been presented to any Director in accordance with §35-2-527, MCA. Notice of any such special meeting shall state the hour, date, and place of the meeting and shall further precisely state the reason of such meeting, and said special meeting held shall be strictly confined to the matters set forth in the notice.

**3.3 Notice of Meetings.** Written notice of all meetings, annual and special, shall be mailed to every Member of record. For special meetings, notice must be given no less than ten (10) days before the meeting date or, if notice is mailed by certified mail, not less than thirty (30) days and not more than sixty (60) days before the date of the meeting.

**3.4 Conduct of Meetings.** All meetings both annual and special shall be presided over by the Chairman of the Board or his appointed representative. Meetings of the Members

shall be conducted in accordance with this Section. No meeting, annual or special, may be audio taped or video recorded, web streamed over the Internet or broadcast live. Meetings are not open to the general public, which includes the media; however, the Board may adopt a policy to regulate the attendance of the general public and the media and coverage of the media of such meetings.

**3.5 Adjournment of Meetings.** If at any meeting of Members where a quorum is not present, a majority of the Members present at such meeting in person may adjourn the meeting to a time not less than thirty (30) days after such adjournment and in compliance with the notice provisions of §35-2-530(4), MCA.

**3.6 Voting.** In the election of Directors, each Member shall have the right to vote as set forth in **Section 4.2** below, and the Declaration.

**3.7 Election Procedures.**

(a) For meetings at which one or more Directors will be elected, the Association shall establish a date by which all nominations for such positions must be received by the Association and such date shall not be earlier than fifty (50) days before the date of the meeting. The Association shall notify the Members, no earlier than seventy (70) days before the date of such meeting, in writing of the date by which nominations must be received.

(b) To appear on a ballot distributed by the Association, each candidate for the position of Director shall be nominated by at least two other Members. Every person so nominated for any position of Director shall be a candidate for such position and such Person's name shall be included in every list of candidates for such position prepared by the Association. The Association shall provide the nomination forms that are required to be filled out by the Member making the nomination.

## **ARTICLE 4.**

### **Board of Directors**

**4.1 Number and Qualifications.** The business and affairs of the Association shall be managed by the Board consisting of at least three (3) Directors, but not more than five (5) Directors. The initial Board shall be appointed by the Declarant as set forth below; thereafter, Directors shall be Members of the Association.

**4.2 Tenure.** Directors shall be elected or appointed for staggered terms of three (3) years. Each Director shall serve until their resignation, removal, death, disability, or appointment of a successor. There is no limit as to the number of consecutive terms that a Director may be elected. The initial Board shall be appointed by the Declarant as follows: one (1) Director shall be appointed for a one-year term, one (1) Director shall be appointed for a two-year term, and one (1) Director shall be appointed to a three-year term. Declarant shall continue to appoint Directors until the end of the Declarant Control Period or earlier then; one (1) Member shall be elected annually to fill Director vacancies.

**4.3 Resignation and Vacancies.** Each Director shall serve until their resignation, removal, death, disability, or appointment of a successor. Any Director may resign at any time



by giving written notice to the Secretary of the Association. Such resignation shall take effect at the time specified, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring on the Board by reason of resignation or death of any Director may be filled by the affirmative vote of a majority of the Directors then in office, though less than a quorum, from the Members. Any vacancy occurring on the Board by reason of resignation or death or disability of any Director appointed by the Declarant shall be filled by appointment by the Declarant, unless the position becomes vacant because the Declarant decides to relinquish its right to appoint Directors or reduce its representation on the Board. Any Director elected or appointed to fill any vacancy on the Board shall serve until the expiration of the term of his predecessor.

**4.4 Removal.** A Director elected by the Members may be removed pursuant to §35-2-421, MCA. A Director appointed by the Class B Member may be removed at the discretion of the Person appointing said Director with or without cause. The Person removing the Director shall do so by giving written notice of the removal to the Director and the Secretary of the Board. The removal of the appointed Director shall take effect at the time specified, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**4.5 Powers and Duties.** The Board manages the affairs of the Association. The Board has all the powers and duties necessary for the administration of the Association and may do all acts and things that are not, by the Declaration, Articles, or these Bylaws, directed to be done and exercised exclusively by the Members.

**4.6 Compensation, Loans to, or Guarantees for Directors.** Directors shall not receive compensation for their services. However, Directors may be reimbursed for Board approved expenses. In addition, the Association may not lend money to or guarantee the obligation of a Director of the Association.

**4.7 Regular Meetings.** The Board will meet regularly but not less than quarterly at a time and place designated by the Board. The Board may provide, by resolution, the date, time and place (which shall be within the county where the Association's principal office is located) of additional regular meetings. Regular Board meetings may be held by conference telephone, if convened in accordance with the provisions under this Article.

**4.8 Special Meetings.** The Chairman, or any two (2) Directors, may call and give notice of special meetings of the Board. Those authorized to call special Board meetings may fix any place within the county where the Association has its principal office as the special meeting place. Special Board meetings may be held by conference telephone, if convened in accordance with the provisions under this Article.

**4.9 Notice of, and Waiver of Notice for, Regular and Special Director Meetings.**

**(a) Notice.** The Association's Secretary shall give either oral, e-mail, fax or written notice of any Board meeting at least five days before the meeting to the Director at the telephone number, e-mail address, fax number or mailing address provided by the Director for such notice. The notice shall include the meeting place, day, hour and purpose of the meeting. If

the meeting is to be held by conference telephone, regardless of whether it is regular or special, the Secretary must provide instructions for participating in the telephone meeting.

(b) **Effective Date.** If mailed, notice of any Director meeting shall be deemed to be effective at the earlier of: (a) five days after deposited in the United States mail, addressed to the Director's business office, with postage prepaid; or (b) the date shown on the return receipt (if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the Director); or (c) the date when received.

(c) **Waiver of Notice.** Any Director may waive notice of any meeting. The waiver must be in writing, signed by the Director entitled to the notice, and filed with the minutes or corporate records. A Director's attendance at a meeting waives the Director's right to object to lack of notice or defective notice of the meeting; this shall be true unless the Director, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting, and does not vote for or assent to action taken at the meeting.

(d) **Transaction of Business.** If authorized by the Board, a Director may participate in a Board meeting by means of a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting received proper notice of the meeting, and provided all persons participating in the meeting can hear each other at the same time. A Director participating in a meeting by conference telephone or by similar communications equipment is deemed present in person at the meeting. The Chairman of the meeting may establish reasonable rules as to conducting the meeting by telephone or by similar communications equipment.

**4.10 Quorum of Directors.** A majority of the Directors will constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the Directors are present at any meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice and will have the authority to set the date for the next meeting.

**4.11 Majority Vote.** The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by the Governing Documents.

**4.12 Conduct of Meetings.** All meetings shall be presided over by the Chairman or his appointed representative. No meeting of the Board may be audio taped or video recorded, web streamed over the Internet or broadcast live.

**4.13 Open Meetings.** All meetings of the Board shall be open to all Members, and the Board shall permit any Member to speak at any meeting of the Board, except for meetings of the Board held in executive session. The Board shall establish a reasonable time limit for all Members to speak before a meeting of the Board. Meetings are not open to the general public, which includes the media; however, the Board may adopt a policy to regulate the attendance of the general public and the media and coverage of the media of such meetings.

**4.14 Executive Session.** The Board may meet and convene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become

involved, matters subject to privileges and confidentiality obligations, and matters relating to the formation of contracts with third parties. Matters involving Member discipline or delinquent Assessment as to which remedies are to be exerted shall be held in executive session and the Members involved are entitled to attend, subject to such matters involving litigation in which the Association is or may become involved, or matters subject to privileges and confidentiality obligations. Any matter discussed in executive session shall be generally noted in the minutes of the immediately following open meeting.

**4.15 Action by Written Consent.** Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if consent in writing, setting forth the action so taken, is signed (fax or electronically transmitted signatures are acceptable) by all the Directors and is included in the minutes filed with the corporate records reflecting the action taken.

## **ARTICLE 5.**

### **Officers**

**5.1 General.** The principal officers of the Association shall be the Chairman, Vice-Chairman, Secretary/Treasurer, all of whom shall be elected by the Directors from the current Board. One person may hold any two offices, except that no person may simultaneously hold the offices of Chairman and Secretary.

**5.2 Election and Term of Officers.** The officers of the Association shall be elected annually by the Directors at the first Board meeting after the annual meeting and shall serve for a term of one (1) year or until the election and qualification of his successor.

**5.3 Resignation and Removal of Officers.** Any officer may resign at any time by giving dated written notice of such resignation to the Board. The resignation is effective upon receipt by the Board. Any officer may be removed from office by the vote of a majority of the Directors for any reason and without cause.

**5.4 Vacancies.** In the event of the death, disability, disqualification or resignation of an officer, the Board may appoint a successor to fill the vacancy.

**5.5 Chairman.** The Chairman shall preside over all meetings of the Members and over all meetings of the Board. The Chairman shall be the general administrative and executive officer of the Association, and shall perform such duties as may be specified, and exercise such powers as may be delegated by the Board.

**5.6 Vice Chairman.** The Vice Chairman shall serve on the Board and perform such duties as may be directed by the Chairman in conducting Association business duties. The Vice Chairman shall preside over any meeting in the absence of the Chairman and shall perform such duties as may be specified, and exercise such powers as may be delegated by the Board.

**5.7 Secretary/Treasurer.** The Secretary/Treasurer of the Board shall maintain a record of the Membership. In order to make a determination of Membership for any purpose stated in these Bylaws or in the laws of the State of Montana, the Boards may order the record closed for a stated period of time. The Secretary/Treasurer shall: **(a)** have charge and custody of

and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source, and deposit all moneys in the Association's name in banks, trust companies, or other depositories that the Board shall select; (c) work with the bookkeeper and/or accountant in the preparation and presentation of any financial documents and submit those necessary documents for inclusion in the corporate records; and (d) in general perform all of the duties incident to the office of Secretary/Treasurer and any other duties that the President or Board may assign to the Secretary/Treasurer. However, nothing in this provision prohibits the Secretary/Treasurer from delegating the above duties to the Association's agents (*i.e.*, including but not limited to, Managers, accountants, bookkeepers, and auditors) or employees.

**5.8 Compensation, Loans to, or Guarantees for Officers.** Officers shall not receive compensation for their services. However, Officers may be reimbursed for Board approved expenses. In addition, the Association may not lend money to or guarantee the obligation of an officer of the Association.

## **ARTICLE 6.**

### **Indemnification of Directors, Officers Agents, and Employees**

#### **6.1 Indemnification of Directors.**

**6.1.1 General.** An individual made a party to a proceeding because the individual is or was a Director of the Association may be indemnified against liability incurred in the proceeding, but only if the indemnification is both: (a) determined permissible; and (b) authorized, as defined in **Section 6.1.2** below (the indemnification is further subject to the limitation specified in **Section 6.1.4** below).

**6.1.2 Determination and Authorization.** The Association shall not indemnify a Director under **Section 6.1** of this Article unless: (a) determination has been made in accordance with procedures set forth in the Act that the Director met the standard of conduct set forth in **Section 6.1.3** below; and (b) payment has been authorized in accordance with procedures listed in the Act based on a conclusion that the expenses are reasonable, the Association has the financial ability to make the payment, and the financial resources of the Association should be devoted to this use rather than some other use by the Association.

#### **6.1.3 Standard of Conduct.**

(a) The individual shall demonstrate that: (i) the individual acted in good faith; and (ii) in acting in an official capacity with the Association, that the individual's conduct was in the Association's best interests; in all other cases, that the individual's conduct was at least not opposed to the Association's best interests; and in the case of any criminal proceeding, that the individual had no reasonable cause to believe that the conduct was unlawful.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself, a determination that the Director did not meet the standard of conduct described in this **Section 6.1.3**.

**6.1.4 No Indemnification Permitted in Certain Circumstances.** The Association shall not indemnify a Director under **Section 6.1** of this Article if: (a) the Director was adjudged liable to the Association in a proceeding by or in the right of the Association; or (b) the Director was adjudged liable in any other proceeding charging that the Director improperly received personal benefit, whether or not the individual acted in an official capacity.

**6.1.5 Indemnification Limited.** Indemnification permitted under **Section 6.1** of this Article in connection with a proceeding by the Association or in the right of the Association is limited to the reasonable expenses incurred in connection with the proceeding.

**6.2 Advance Expenses for Directors.** The Association may pay for or reimburse, in advance of final disposition of the proceeding, the reasonable expenses incurred by a Director who is a party to a proceeding if:

**6.2.1** By following the procedures of the Act the Board determined that the Director met requirements of **Sections 6.2.3-6.2.5** listed below;

**6.2.2** The Board authorized an advance payment to a Director;

**6.2.3** The Director has furnished the Association with a written affirmation of the Director's good faith belief that the Director has met the standard of conduct described in **Section 6.1** above;

**6.2.4** The Director has provided the Association with a written undertaking, executed personally or on the Director's behalf, to repay the advance if it is ultimately determined that the Director did not meet the standard of conduct; the Director's undertaking must be an unlimited general obligation, may be secured but is not required to be secured, and the Association may accept the undertaking without reference to financial ability to make repayment; and

**6.2.5** The Board determines that the facts then known to it would not preclude indemnification under **Section 6.1** above or the Act.

**6.3 Indemnification of Officers, Agents and Employees.** The Board may choose to indemnify and advance expenses to any officer, employee, or agent of the Association applying those standards described in **Section 6.1** above.

**6.4 Mandatory Indemnification.** Notwithstanding any other provisions of these Bylaws, the Association shall indemnify a Director or officer, who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the Director or officer was a party

because the individual was a Director or officer of the Association, against reasonable expenses actually incurred by the Director or officer in connection with the proceeding.

## **ARTICLE 7.**

### **Committees**

**7.1 Formation and Termination.** Committees may be formed by a majority vote of the Board of Directors. The Board will adopt a charter for each committee and the charter shall state how the committee chair is designated, the makeup of the committee, the powers of the committee and the specific action items to be carried out by the committee, all as determined by the Board unless specifically stated in these Bylaws or the Declaration. Committees formed by a majority vote of the Board, may be dissolved at any time by a majority vote of the Board.

**7.2 Authority.** Committees will provide recommendations to the Board but will not have the authority to make decisions on behalf of the Board. All decision-making authority rests with the Board, unless the specific committee has been created (chartered) so that it has authority to act on the Board's behalf and the committee has two or more Directors who serve at the pleasure of the Board. However, such authority does not authorize the committee to: authorize distributions; elect, appoint, or remove Directors or fill vacancies on the Board or any of its committee; adopt, amend, or repeal, the Articles or these Bylaws; and any other limitations on authority as imposed by Montana law. In addition, the designation of a committee with authority to act on behalf of the Board does not operate to relieve the Board, or any individual Director, of any responsibility on him by law.

**7.3 Meetings.** Any such committees will meet as needed to effectively carry out their objectives. No meeting may be audio taped or video recorded, web streamed over the Internet or broadcast live. Meetings are not open to the general public, which includes the media; however, the Committee may adopt a policy to regulate the attendance of the general public and the media and coverage of the media of such meetings.

**7.4 Transaction of Business.** If authorized by the respective committee charter, a committee Member may participate in a committee meeting by means of a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting received proper notice of the meeting, and provided all persons participating in the meeting can hear each other at the same time. A committee Member participating in a meeting by conference telephone or similar communications equipment is deemed present in person at the meeting. The chairperson of the meeting may establish reasonable rules as to conducting the meeting by telephone or similar communications equipment.

## **ARTICLE 8.**

### **Obligations of the Members**

**8.1 Compliance with the Governing Documents.** Each Member shall comply with all of the provisions of the Governing Documents. The Membership rights and privileges, including, but not limited to, the right to vote and the right to use Facilities and Functions of any Member or Guest, may be suspended by action of the Board. Any suspension of such voting rights and or the right to use the Facilities and Functions shall be made by the Board at a meeting

upon giving written notice to the Member whose rights are being sought to be suspended at least fifteen (15) days prior to the holding of such meeting. The meeting shall provide an opportunity for the Member to be heard either in person, via telephone or in writing prior to the Board making its decision at said meeting. Such written notice from the Association shall state the reasons for the proposed suspension and shall be given either by personal delivery, or deposited in the United States mail, certified or registered, postage and fees prepaid, return receipt requested, addressed to such Member at the address given to the Association pursuant to **Article 2** above. Such notice, if mailed, shall be deemed given and received four (4) days after being so deposited in the United States mail in the manner aforesaid.

## **ARTICLE 9.**

### **Finances**

**9.1 Fiscal Year.** The Association's fiscal year shall commence on [REDACTED] 1st and end on [REDACTED] st. The Association shall apply for and maintain a tax exempt status under the Internal Revenue Code.

**9.2 Budget.** At the first meeting of the Board following the adoption of the [REDACTED] fiscal year, the Board shall adopt an estimated budget for the remainder of that fiscal year. Such budget shall include: (a) the estimated costs and expenses, reserves and proposed capital expenditures which will be required of the Association to fulfill its obligations under the Governing Documents; (b) the estimated income and other funds which will be received by the Association, which may include a voluntary subsidy by the Declarant; and (c) the estimated total amounts required to be raised by Assessments to cover such costs, expenses and capital expenditures of the Association and to provide a reasonable reserve. For each subsequent fiscal year the Board shall, prior to the beginning of each fiscal year, propose and tentatively adopt a similar budget which shall also include all long-term or continuing commitments of the Association made in connection with or contemplated under any previously approved budget. However, the tentative budget for each subsequent fiscal year shall not be finally established until after an opportunity for discussion of such budget by the Members at a meeting of the Members, which may be the same meeting as the annual meeting of the Members. The Board shall give notice of the time and place of the meeting for review of the tentative budget to all Members at least thirty (30) days prior to such meeting. During such thirty (30) day period, the Board shall make copies of the tentative budget available to all interested Members at the principal office of the Association. At such meeting, Members shall have a right to be heard concerning the budget; however, the Board shall retain the sole power to establish and approve the budget. However, any Special Assessment proposed in the budget to become effective with the final establishment of the budget shall be approved by a majority vote of those Members to be assessed pursuant to **Section 2.10** above. Special meetings may be held in like manner upon like notice to consider supplementation or revision of any budget, provided, however, that such special meetings as to supplementation or revision of any budget shall not be required to be at a meeting of the Members, and the Board has the discretion to modify, supplement or revise any annual budget that has been adopted.

**9.3 Checks, Drafts, Etc..** All checks, drafts or orders for payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to

time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be jointly signed by the Chairman of the Association and countersigned by the Vice Chairman, or the Secretary/Treasurer of the Association, so long as the person holding the said office is not the same person as the Chairman.

**9.4 Contracts.** The Board may authorize any officer or officers, agent or agents, or employees of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

**9.5 Deposits.** All funds of the Association shall be deposited to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

**9.6 Audits.** The Association shall maintain financial records. An audit or review may be done as determined by the Board. The cost of any audit or review shall be an Association Expense.

## **ARTICLE 10.**

### **Enforcement Powers and Procedures**

These Bylaws shall be enforced pursuant to **Article 9** of the Declaration.

## **ARTICLE 11.**

### **Miscellaneous**

**11.1 Parliamentary Rules.** The Board will use a decision making process conducted in accordance with a recognized system of parliamentary procedure adopted by the Board. In the absence of an adopted procedure, *Robert's Rules of Order* (current edition) shall govern the conduct of the Association proceedings when not in conflict with Montana law or the Governing Documents.

**11.2 Conflicts.** In the event that there is any conflict or inconsistency between the provisions of Montana law, the Declaration, the Articles, the Bylaws and the Rules and Regulations, the provisions of Montana law, the Declaration, the Articles, the Bylaws and the Rules and Regulations (in that order) shall prevail.

**11.3 Severability.** A determination of invalidity of any one or more of the provisions or conditions hereof by judgment, order or decree of a court shall not affect in any manner the other provisions hereof which shall remain in full force and effect.

**11.4 Captions.** The captions and headings in these Bylaws are for convenience only and shall not be considered in construing any provisions of these Bylaws.

**11.5 Gender.** The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and *vice versa*, whenever the context so requires.



**11.6 Notices.** Except as otherwise provided for in these Bylaws or the Declaration, all notices, demands, bills, statements, or other communications under these Bylaws or the Declaration shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by U.S. mail, first Class postage prepaid or if sent by overnight courier:

(a) If to a Member at the address as designated by the Member as required under the Declaration or these Bylaws.

(b) If to the Association, the Board or the managing agent, at the principal office (or mailing address) of the Association as designated in these Bylaws or with the Montana Secretary of State or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; or

(c) If to any committee, at the principal office (or mailing address) of the Association as designated in these Bylaws or with the Montana Secretary of State or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

**11.7 Interpretation of the Bylaws.** The Association by and through its Board, shall have the exclusive right to construe and interpret the provisions of these Bylaws. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Board's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefitted or bound by the provisions hereof.

## **ARTICLE 12.**

### **Amendment**

**12.1 Amendment by Declarant.** During the Declarant Control Period, Declarant may unilaterally amend these Bylaws for any purpose, provided the amendment has no material adverse effect on the right of any Member. Notwithstanding the above, during the Declarant Control Period, Declarant may unilaterally amend this Master Declaration if such amendment is (i) necessary to bring any provision in compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Sites; (iii) required by a Federal Mortgage Underwriter, to enable such Federal Mortgage Underwriter to make or purchase mortgage loans on the Sites; (iv) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Sites; or (v) otherwise necessary to satisfy the requirements of any governmental or quasi-governmental entity. However, any such amendment shall not materially adversely affect the rights or materially increase the obligations of any Member as to any Site unless the Owner of such Site shall consent thereto in writing.

**12.2 Amendment by Members.** Any provision contained in these Bylaws may be amended, abandoned, terminated, modified or supplemented at any time by the written consent or certification thereof, duly recorded in the Public Record, by an Affirmative Vote of a Majority. However, (i) during the Declarant Control Period, the consent of the Declarant must be obtained, and (ii) any such amendment shall not materially adversely affect the rights or materially increase the obligations of any Owner as to any Site unless the Owner of such Site

shall consent thereto in writing. Proposed amendments can be drafted and put to a vote of the Members either by the Board or any Member.

**INCORPORATOR:**

[SIGNATURE BLOCK- MB MT]

[NOTARY BLOCK]

